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Health Policy Brief

What Do the Presidential Candidates' Health Care Proposals Have in Common? One Important Answer: They Rely on the States

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The Nelson A. Rockefeller Institute's Health Policy Research Center (HPRC) examines the important role of states in health care policy. To read more about the Center's recent work, visit www.rockinst.org/HPRC.

Health care is one of the most talked-about issues in the 2008 presidential campaign. And for all the differences among the leading candidates, there are also important similarities. Among these, one stands out: the central role the 50 states will play in health care reform, regardless of who wins the White House.

A majority of the candidates, whether Democratic or Republican, say that the health care system needs to increase preventive care, use information technology to decrease costs, and give patients better information about providers and outcomes so they can make informed decisions. These are all good ideas. The primary differences among candidates' proposals are the level of financial responsibility for paying for care (i.e., who pays more — the individual versus the employer versus government); whether coverage is mandatory or not; and which entity has more responsibility over the provision of care.

Republican candidates tend to favor a system that relies more on the individual and private insurers rather than employers or government to purchase and manage care, while most Democratic candidates propose building on the employer-based system and expanding public programs. Regardless of which approach one favors, none of the leading candidates calls for diminution of the large role that state governments play in financing, regulating, monitoring, and administering the nation's health care system. And several proposals call for expanding that role, with varying levels of specificity. For instance, Mitt Romney has said "let the states create their own plans," while Hillary Clinton, John Edwards, and Barak Obama all favor providing more coverage through the state administered Medicaid and State Children's Insurance Health (SCHIP) programs.

States already play a notable role in financing and administering publicly funded health insurance to people qualifying for the Medicaid program, which provides care to over 50 million people a year. Government funded health care also is provided to an additional four million children through the State Children's Health Insurance Program. The federal government shares in the cost of these programs, but both are largely administered by the states.

States also play a large role in providing incentives to employers and insurers to provide health care coverage, and in regulating insurers and the products they provide. The role that states play in financing care is

significant: states spent approximately $155 billion on the Medicaid program alone in fiscal year 2004. The financial role of states in providing health care means that they have been implementing cost controls, restructuring delivery systems, and finding ways to modernize care delivery. States have employed several strategies to provide care, control costs or restructure their delivery systems. Most states already operate disease management programs to improve care and control costs. Other states are experimenting with provider payment systems that pay more for better performance. Such state initiated reforms are not unusual. In fact, states often are carrying out reforms at the very time that there is debate about reform and how to do it at the national level.

Massachusetts has been receiving a lot of attention lately because of its efforts to achieve universal health coverage. Illinois has developed a program designed to insure all children, and other states such as California, Pennsylvania, and New York are exploring ways to achieve universal coverage. What is intriguing is that no state's proposed plan for universal coverage is the same, although in some instances there are similar strategies for covering the uninsured. The disparate approaches of states are reflective of our country's political system, which relies on not just the federal government, but state and local governments, as well. It often has been said that the Medicaid program is not one program but 50 different programs**.**

There are benefits to having a state-administered system of health care. Innovation and consensus can be easier to achieve because there are fewer people involved than might be the case in a national program. The system can be more responsive to the inevitable need for change, because it is smaller and "closer to the ground" than a national system.

But having states primarily administer health care has drawbacks, too. At the same time that a state-based system is easier to change — it is more complex to understand because there are so many differences among states. Quality and access can vary. And 50 sets of rules and regulations become complicated for people who move from one state to another, for caretakers who are monitoring care for someone in a different state, and for providers, insurers, and employers who operate in multiple states.

Inability to achieve national consensus, current initiatives of states to improve access to health care, and the unlikelihood of comprehensive reform at the national level portend that states will continue to hold an important place when significant reforms in health care take place in the near future, and will continue to control major aspects of America's health care system. History shows that the federal government often replicates what has already been done by states. Bottom line: if you are interested in health care reform, keep an eye on the states.